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These are challenging times to be a city. It's at the city level that so many of the basic services we depend on are provided, such as police, fire, zoning, garbage and recycling, water, sewer, and streets. The public rightfully demands the best use of public funds to provide these services, and as a city, we strive to deliver these services in the most responsible ways possible.

But all cities are facing real challenges. The costs of providing basic services are escalating for several reasons. Regulation by the state legislature and by authorized regulatory boards add to the rates of delivering clean water to homes and removing the dirty water. For example, the state-imposed tiered water rates are mandatory and are intended to discourage waste, resulting in higher water bills for many users. Environmental regulations are resulting in added costs to wastewater systems and stormwater management.

Other factors, such as market conditions, add to costs. For instance, the cost of recycling has resulted in increased fees for trash and recycling removal. The public supports recycling, but understandably, are not happy with the resulting fee increases. Construction costs for roads and other infrastructure improvements continue to escalate at unsettling rates.

Personnel costs continue to rise as the market demands higher wages due in part to low unemployment. The costs of health insurance rises nearly every year. The costs of police cars, fire engines, park maintenance equipment, and so on continue to increase. Let's face it, employees are expensive, but without them we are nothing! As a city, we are in the business of providing services, and it's our team of employees that deliver those services.



It's not only rising direct costs that are creating challenges for cities. The shortage of housing in the Greater Salt Lake area is resulting in increasing pressures for more and higher density housing. Even though Murray residents are generally displeased with higher density housing projects, the legislature is continually threatening to usurp the authority of cities to control zoning if they are not favorable towards increased density housing. I believe we are doing a good job in allowing higher density housing in appropriate zones while protecting the character of our single-family neighborhoods.

Of great concern to Murray City is the constant possibility that the legislature will continue to modify the distribution formula for the portion of sales tax (1%) that is dedicated to cities. The local option sales tax was implemented in 1959 with the 1% going to the point of sale city. In 1983, as rapidly growing cities complained about lack of funds from sales tax, the state legislature modified the distribution to allow only half to go to point of sale, and the other half is distributed statewide based on population. This new formula for distribution cost Murray City over \$2 million per year in revenues. Now as the legislature contemplates future modification of the sales tax code, we hold our breath as to what those changes may be, since sales tax revenue still accounts for about 50% of our general fund revenues.

There's a familiar old saying that says "no good deed goes unpunished." In referring to Murray City's history of independence and effective governance, long-time public servant Jack DeMann is credited with tweaking that phrase to say, "no good government goes unpunished."

Despite the current and forthcoming challenges, we continue to strive to keep Murray the strong independent city it has always been. We will continue to find ways to deliver the core government services in the most efficient ways possible. These are challenging times to be a city, but together we will meet these challenges head-on.